BUSINESS, LABOR & ECONOMIC AFFAIRS
EXHIBIT No. 6
DATE 2-20-07
BILL No. SB455

FLORIDA
OFFICE OF FINANCIAL REGULATION

DIVISION OF FINANCE

Title Loan Companies

Effective 10/01/00, Chapter 537, F.S., the Florida Title Loan Act, requires licensure by the Department of Banking and Finance to act as a Title Loan Lender.

Under the Florida Title Loan Act, a title loan lender may charge a maximum interest rate of 30 percent per annum computed on the first $2,000 of the principal amount, 24 percent per annum on that part of the principal amount exceeding $2,000 and not exceeding $3,000, and 18 percent per annum on that part of the principal amount exceeding 3,000.

The maturity date of the title loan agreement, which shall be 30 days after the date the title loan agreement is executed by the title loan lender and the borrower.

A title loan agreement may be extended for one or more 30-day periods by mutual consent of the title loan lender and the borrower. Each extension of a title loan agreement shall be executed in a separate extension agreement, each of which shall comply with the requirements for executing a title loan agreement as provided in this act. The interest rate charged in any title loan extension agreement shall not exceed the interest rate charged in the related title loan agreement. A title loan lender may not capitalize in any title loan extension agreement any unpaid interest due on the related title loan agreement or any subsequent extensions to that title loan agreement.

At the present time there are no licensed Title Loan Companies.

Forms and Instructions

The documents listed below are PDF format can be viewed using the Adobe® Acrobat Reader (version 5.0 or higher), available free of charge.

STATE OF MONTANA
DEPARTMENT OF ADMINISTRATION

HC/BD
HEALTH CARE & BENEFITS DIVISION

BRIAN SCHWEITZER, GOVERNOR

PHONE: (406) 444-7462/1-800-287-8266
FAX: (406) 444-0080
www.benefits.mt.gov

100 N PARK AVE SUITE 320
PO BOX 200130
HELENA, MONTANA 59620-0130

February 20, 2007

Memo To: Senator Vicki Cocchiarella, Chair
Business, Labor, and Economic Affairs

Memo From: Connie Welsh, Administrator, Health Care and Benefits Division

Subject: Senate Bill 419

During discussions of Senate Bill 419, the issue of additional cost due to adding dependents up to age 26 came up. The issue was whether the cost of adding dependents will be borne in full by the employees who are covering their dependents or split between the employer and the employees.

Currently the State Plan develops rates and seeks to fund the plan to maintain a funding split of approximately 2/3 of the funding from the employer and 1/3 from out-of-pocket contributions by employees, retirees, COBRA members, etc. If there were additional cost due to adding these dependents under SB419, it would be possible in this instance for the State Plan to be rated so that the additional cost would be absorbed by out-of-pocket contributions from employees.

MEMO TO FILE 8/31/2006 by:

Katherine Bartcher, Paralegal

Check Into Cash, Inc, Cleveland, TN

On August 28th I called the Montana Division of Banking and Financial Institutions to inquire if there was a public access data base tracking complaints filed with their office regarding the payday loan industry. I was transferred to Chris Romano's voice mail and left a message to that effect. He returned my call later that day and advised that there was no actual data base but that he kept track of all of the complaints himself. He stated that they actually had very few of them considering the number of companies doing business and that he would be happy to send me an e-mail with the information that I had requested. He went on to say that the majority of the complaints received by his office dealt with title loan companies and that, in his opinion, we did a good job of following the rules. He obviously knew where I was calling him from as I used my office e-mail address. Below is a copy of the e-mail that he sent in response to my inquiry.

Katherine -

In the last 12 months the Montana Division of Banking and Financial Institutions has received 8 complaints related to payday lenders. Six of these complaints related to unlicensed activity of internet-based payday lenders. One complaint alleged unlicensed activity. One complaint related to the collection of an unpaid payday loan.

If you have any further questions, please call or email me.

Thank you.

Christopher Romano, Licensing and Compliance Manager
Division of Banking & Financial Institutions
301 South Park, Suite 316
P.O. Box 200546
Helena, MT 59620
Phone: 406-841-2928
Fax: 406-841-2930

Chicago Tribune

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18 Section 1 Friday, August 13, 1999

Payday lending fills a need

The payday loan business is booming in Illinois and the reason is that these niche lenders focus on a market ignored by just about everyone else—working people who find themselves needing a couple of hundred dollars in a hurry.

Payday loan companies generally lend up to $500 for a couple of weeks for a fee—for example, $30 for $200—usually on the spot. Customers leave as collateral post-dated checks for the amount of the loan plus the fee.

A pay check and a checking account are the prime requirements for potential borrowers. There are no time-consuming credit checks, as there would be if these borrowers went to most banks, thrifts or credit unions. Most of those more traditional lending outfits also aren't interested in lending less than a minimum of, say, $500 or $1,000.

State Rep. Thomas Dart ((D-Chicago) is chairing an Illinois House task force that is looking into the industry's practices to determine if there are problem areas that need more regulatory scrutiny. Critics argue payday lenders charge exorbitant interest rates, particularly when loans are repeatedly rolled over.

One such critic is Chicago Ald. Toni Preckwinkle (4th). Testifying before Dart's task force, she called payday loan companies "predatory businesses" that at "its foundation is loan sharking."

The problems come when customers who may have borrowed that $200 for two weeks find they can't make good on that check at the end of that two weeks. So they roll it over for another two weeks and add on another $30 fee— and so on and so on. If such loans are extended week after week for a year, the effective annual interest rate does become exorbitant. But as Robert Wolfberg, general counsel of PayDay Loan Store of Illinois, pointed out, "We don't make annual loans."

Owen Cope, a customer at a Hyde Park payday loan office, put it best. "If you don't get there in time and do what you are supposed to do, there can be problems." That is absolutely true. Responsible adults must meet their obligations.

But provided customers are adequately informed about what those obligations are, they and these companies should be free to go about their business. People need money quickly for a short period of time for all kinds of reasons—and there should be a way for them to get it. It would be a travesty if, to protect those who aren't responsible, the do-gooders closed off this source of cash for the rest.

IN MONTANA:

- **Maximum loan is $300**
- **Minimum loan is $50**
- **Maximum loan period is 31 days**
- **Rolling over a loan is forbidden by law**

UNDER SB 165 PASSED BY THIS COMMITTEE & THE FULL SENATE:

- **Deferred deposit loans may not be renewed or extended**
- **A consumer can not enter into a deferred deposit loan who has an outstanding deferred deposit loan with another lender**

Provided by:

Riley Johnson, Lobbyist for Community Financial Services Association
2/20/2007